



Tax alert

Businesses warned against using tax cheating software

The Canada Revenue Agency (CRA) is aware that electronic sales suppression software is currently being marketed and sold to Canadian businesses. Business owners are reminded that hiding income to evade taxes is against the law. Using this software is not worth the risk.

Electronic sales suppression software is designed to work with point-of-sale systems and electronic cash registers. Businesses use the software to delete a portion of sales from their computer records to evade payment of income and sales taxes. In some cases, restaurant owners who suppressed sales using this software have collected taxes from patrons and not remitted them to the CRA as required by law.

The CRA has over 5,000 employees dedicated to finding unreported business income and ensuring that the proper amount of taxes is paid, even when sales records are missing.

The CRA is working to identify those who develop, sell, or use the software. Businesses that have used electronic sales suppression software are suspected of having hidden thousands of transactions and millions of dollars in sales. Once caught, these tax cheaters will face penalties, court fines, and possibly even jail. They will also have to pay the taxes they tried to evade, plus interest.

Although customers may not notice if a business is using electronic sales suppression software, they can do their part to ensure tax compliance by always requesting a copy of their receipt. Businesses which evade taxes are placing an unfair burden on the individuals and other businesses that accurately report their income and pay the taxes they owe.

If you have been using electronic sales suppression software and wish to come forward, you can do so through the CRA's Voluntary Disclosures Program. If you make a full disclosure before any compliance action or investigation is started, you may only have to pay the taxes owing plus interest, and you will not face penalties or prosecution in the courts. For more information on the program, go to **www.cra.gc.ca/voluntarydisclosures**.

If your business has been contacted about electronic sales suppression software, or you have information which could help the CRA identify those who develop, sell, or use the software, you are encouraged to report them. Go to **www.cra.gc.ca/investigations** and select Contact Us to find contact information for your local Enforcement Division.

